

Appanoose County / P.P.M.E. 2003 (Roads)

2004-2005
CEO 51
SECTOR 3

IN THE MATTER OF THE IMPASSE

BETWEEN

APPANOOSE COUNTY,

Employer,

vs.

PPME LOCAL #2003,

Employee
Organization.

REPORT OF FACT FINDER

Wilford H. Stone, Fact Finder

Issued: February 16, 2005

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A. APPEARANCES

For Appanoose County, Iowa:

Joni L. Keith, Attorney
Jim Armstrong, County Engineer
Robert Pontious, Supervisor
Dean Kaster, Supervisor
Jody McDanel, Supervisor

For PPME Local #2003:

Randy Schultz, PPME Representative
Travis Foglesong, Truck Driver
Randy Kirby, Operator

B. INTRODUCTION/STATEMENT OF JURISDICTION

This matter proceeded to a fact finding hearing pursuant to the statutory procedures established in Iowa Code Chapter 20 (2005). The undersigned was selected to serve as a fact finder from a list furnished to the parties by the Public Employment Relations Board.

Pursuant to the parties' agreement, the fact finding hearing was held beginning at 10:30 a.m., February 8, 2005, at the Appanoose County Secondary Roads Department in Centerville, Iowa. The hearing was electronically recorded.

There is no dispute as to the arbitrability or negotiability of the items at impasse. No subpoenas were requested and no stenographic recordings were requested.

In the course of the hearing, both parties submitted their evidence and were given full opportunity to introduce evidence, facts and present argument, rebuttal and surrebuttal in support of their respective positions. The majority of the evidence was submitted through the parties' representatives, Joni Keith and Randy Schultz.

The matter is now fully submitted. Representatives for both parties (Joni Keith and Randy Schultz) vigorously argued their positions, and the oral presentations and arguments were of assistance to the fact-finder. The parties chose not to submit post-hearing briefs, and the hearing was closed at 12:45 p.m. The recommendations set forth below are based upon the fact finder's weighing of all of the facts and arguments submitted.

C. EXHIBITS

The parties both submitted blue notebooks containing their exhibits. Both parties objected to certain exhibits on relevance grounds (i.e., the employer did not believe Iowa County should be included in the comparability group; the Union did not believe the City of Centerville and other counties should be included in the comparability group; and both sides questioned the other's calculations in certain exhibits). The evidence was admitted subject to the objections.

D. FACT FINDING CRITERIA

While Iowa Code Chapter 20.22(a)(2005) lists specific criteria to be used by an arbitrator in determining the reasonableness of the parties' arbitration proposals, the statute is silent concerning fact finders. Nonetheless, it is now well established

that it was the statute's intent that fact finders also make their recommendations based upon the statutory criteria in Iowa Code 20.22(a)(2002):

The panel of arbitrators shall consider, in addition to any other relevant factors, the following factors:

1. Past collective bargaining contracts between the parties including the bargaining that led up to such contracts.
2. Comparison of wages, hours and conditions of employment of the involved public employees with those of other public employees doing comparable work, giving consideration to factors peculiar to the area and the classifications involved.
3. The interests and welfare of the public, the ability of the public employer to finance economic adjustments and the effect of such adjustments on the normal standard of services.
4. The power of the public employer to levy taxes and appropriate funds for the conduct of its business.

E. ITEMS AT IMPASSE/FINAL OFFERS

The parties stipulated that only two issues were at impasse: Article 23 (Wages) and Article 24 (Insurance).

1. **Article 23 – Wages.** PPME proposes to increase all current hourly wages as set forth in Exhibit A by \$1.00 effective July 1, 2005. The County proposes to increase all current hourly wages as set forth in Exhibit A by \$.40 effective July 1, 2005.

2. **Article 24 – Insurance.** The Union proposes no change to the current levels of insurance coverage and benefits. The County proposes to move to a county-wide plan, with rates and benefits provided under the three options to be chosen by the employee as set forth in the language in Employer Exhibit 13, page 3 and Union Exhibit 9, page 4.

F. BACKGROUND

Appanoose County is located in southern Iowa on the Missouri border. The population is around 13,674. The county seat is Centerville, Iowa. The parties have had a collective bargaining relationship in the Secondary Road Department since 1977, and there have been no fact-finding or arbitration awards comparing wages and other issues since around 1986 or 1987. Except for Iowa, Clarke, Jefferson, Lucas, VanBuren, and Wayne Counties, and the City of Centerville, the parties appear to agree that other counties with similar population and relatively close geographic proximity to Appanoose County are appropriate for comparison purposes. All of these counties are primarily rural in nature, and share many similar economic influences. Compare Union Exhibit 1 and Employer Exhibit 9 regarding comparability.

In any event, PPME's unit consists of 25 employees. See Union introduction. (Although the exhibit states there are 23 road department employees, the county engineer, Jim Armstrong, testified that two additional employees were hired in the road department February 9, 2005). There are 84 total county employees, so this unit comprises nearly 30% of the County's workforce ($25 \div 84$). The employer is not really claiming any inability to pay the Union's proposed increases, but notes that the southern part of Iowa is in a "depressed area of the state," that two private sector employers are contemplating leaving the area, and that this economic situation must be taken into account by the fact-finder.

The current agreement between PPME and the County expires June 30, 2005. See Union Exhibit 2. The parties have reached temporary agreements on several issues, but remain at impasse on wages and insurance.

G. POSITIONS OF THE PARTIES, FINDINGS OF FACT, AND RECOMMENDATIONS¹

1. Article 23 – Wages.

A. Appanoose County Position. The County proposes to increase the hourly wage of all employees by \$.40. According to the County, \$.40 per hour translates into a total wage increase of 2.8% across the board. See Union Exhibit 13 and 14. The County argues that its wage proposal is higher than the consumer price index increase of 2.73%. See Exhibit 14. The County states that the Union's proposal of \$1.00 per hour increase translates into 6.9% across the board increase, and is out of line with comparability and cost of living. The County notes that when its wage offer is combined with its health insurance offer, the County's total package increase is around 11.1%. See Memorandum, page 3. "Our \$.40 pay increase combined with the substantial insurance premiums increases is an excellent package." Id. at page 4. The County states that as a responsible public employer, it is striving to treat its employees fairly, stay viable to the county taxpayers, and provide the best services possible. Id.

The County also submitted a number of exhibits in support of its proposal, including its external comparability of wages and insurance (Exhibit 9), its external comparability studies of adjusted hourly spendable earnings (Exhibit 10), an average of the external comparability studies (Exhibit 11), the Consumer Price

Index for fiscal year 2005 (Exhibit 14), a fringe benefit calculation of Appanoose County Secondary Roads employees (Exhibit 15), the cost for one day labor at the current 2004 hourly rate for the unit (Exhibit 16), the cost of both parties' proposals at one hour at \$.40 per hour across the board (Exhibit 17), the fiscal year 2006 budget (Exhibit 18), the percentage increase based upon an equipment operator's salary (\$14.38)(Exhibit 19), and an analysis of Iowa per capita personal income by county and metropolitan area (Exhibit 20). As noted, the parties disagree on the appropriate comparison units.

According to County Exhibit 17, an hourly increase of \$1.00 per hour will cost Appanoose County \$52,000 per year. Appanoose County's last offer of \$.40 per hour will cost \$20,800 per year. See County Exhibit 17.

B. PPME Position. PPME proposes that the wage rate be increased by \$1.00 per hour effective July 1, 2005. It does not dispute the employer's calculations that its \$1.00 per hour increase translates into around a 6.9% increase. See Memorandum, page 3. However, the Union argues that it will need the additional wage increase to pay for the anticipated increase in health insurance premiums as a result of the employer's county-wide health insurance proposal.

As part of its wage proposal, the Union argues that its comparison group should be selected by the fact-finder. The Union notes that all six counties in its comparability group have already settled for the 2005-2006 bargaining year, and that according to this comparison, Appanoose County employees currently rank fourth from the top in wages when compared to their counterparts. See Union Exhibit 4 – hourly wage rates. However, the Union claims it ranks second in

¹ The background is incorporated into all findings of facts and recommendations.

dependent insurance contributions, which already “reduces our ranking to sixth in spendable earnings.” Id. The Union argues that the County’s wage and insurance proposals would take Appanoose County to the bottom of the comparison list. The Union argues that its wage proposal is not intended to move the employees up in their ranking but merely to maintain the status quo. The Union notes that the changes sought by the County requiring a “large increase in the employee contribution to the dependent insurance premium combined with a modest wage proposal is unacceptable,” because the County’s offer equals a 3.9% reduction to what an equipment operator currently enjoys. Id. The Union notes that while the economy may have “slowed,” the County cannot really make out a case that it is unable to fund an increase for these employees. The Union also notes that the County makes no arguments that its increase would have any effect on the level of service or the public’s welfare. “The maintenance of county roads is not a luxury but a necessity.” Id.

The Union also presented exhibits on comparability to six other counties on the wages increases (Union Exhibit 5) and also presented the collective bargaining agreement from the 2003-2005 and 2002-2003 contract years (Union Exhibits 2 and 7). The Union also submitted evidence on the employee adjusted hourly spendable earnings for fiscal year 2005 (Exhibit 12), the economic impact to the County’s proposals on employees with family insurance (Exhibit 13), and information on the Appanoose County tax levies and supplemental levies (Exhibit 14). The Union concludes that its proposal maintains a comparable spendable earnings for its membership, that the County has the ability to fund the Union’s wage proposal, that the CPI trend for the last half of 2004 shows a “marked

increase in the cost of living," and that its proposal is the most reasonable. See Union Exhibit 15. Because Equipment Operators comprise the majority of employees in the unit, both the Union and the County used this classification as a benchmark for comparison in their exhibits.

C. Findings of Fact and Recommendation by the Fact Finder. The County proposes to increase wages by \$.40, or a 2.8% increase. The Union proposes to increase wages by \$1.00, or a 6.9% increase. The difference in total cost is \$31,200. See Employer Exhibit 17. According to the parties, the Consumer Price Index for 2004 was either 2.65% or 2.73% and both the County and the Union's offers are consistent with the "cost of living." It is undisputed that in the Union's comparability group, all of the allegedly comparable employers have settled their fiscal year 2006 contracts. See Union Exhibit 5. According to the Union's comparability group, the average increase for equipment operators for these six counties was \$.44 (\$15.22 - \$14.78). Thus, the County's offer of \$.40 increase is comparable to the average wage increase using even the Union's comparability group. See Union Exhibit 5.

According to Employer Exhibit 19, over the past four years the Union has also averaged 3.3175% increase each year. Under the parties' collective bargaining history, this increase in fiscal year 2006 would translate into a \$.48 increase. The County also notes, however, that the 3.3175% increase in the last four years "excludes insurance increases and subsidies."

As noted below, the County is proposing a significant change in benefit levels for employees and their families in moving from a lower deductible and lower out-of-pocket maximum plan to a higher deductible and higher out-of-pocket

maximum plan. See Union Exhibit 9. There may be also additional employee costs for prescription drugs and doctor's appointments. While wages and insurance, of course, are separate issues for impasse procedures, the parties have chosen to present their case involving both issues, and the fact-finder cannot ignore the financial impact of both of these issues on both parties. See, e.g., Employer Exhibit 9.

The fact-finder notes in his discussion below regarding insurance comparability, that both Union and Iowa counties have the same higher deductibles and higher maximum out-of-pocket single family plan proposed by the County. Both of these units in fiscal year 2006 received a \$.48 and \$.45 increase respectively, or around 3%. See Union Exhibit 5 and Union Exhibit 11.

There was no testimony regarding when these other counties changed or negotiated their current insurance plans, although Union Exhibit 10 contains the employee dependent contribution in each county and the percentage of the dependent portion paid by the employee. It is undisputed, however, that no matter which county is reviewed, the employee dependent contribution and dependent portion percentages at Appanoose County are higher. See Union Exhibit 10. Union employees with dependent coverage currently pay \$281 per month. See Union Exhibit 10 and Employer Exhibit 2. It could increase to either \$423 or \$396 per month. Id. Although the Employer contends single employees receive a "windfall" with any wage increase because of their "free" insurance, everyone that uses insurance could pay higher deductibles, higher out-of-pocket maximums, and incur additional costs. See Union Exhibit 9.

In any event, based on the bargaining history of the parties (e.g., Employer Exhibit 19), a comparison to other public employees doing comparable work, the interest and welfare of the public, and the ability of Appanoose County to fund such an increase, the fact-finder recommends that the hourly wage be increased by \$.67 per hour. This calculates into a 4.6% increase on the average wage of \$14.38. It not only reflects the amount of premium increase for dependent insurance of \$115.28 per month, but also will ensure that employees receive a wage increase reflecting the cost of living and the assumption of additional health insurance costs. See Union Insurance Exhibit, page 2. The amount is also consistent with the County's self-professed goal of treating its employees fairly, staying viable to its taxpayers, and providing the best services possible. See Union Exhibit 19 and County Memorandum, page 4. With the new county-wide plan with increased deductibles and costs and out-of-pocket maximums in place, the fact-finder particularly finds that it is in the public interest and welfare to require employees to share more in the cost of health insurance with the employer and to also receive adequate coverage consistent with comparable employers, and receive a wage increase to permit them to do so.

2. Article 24 – Insurance.

A. Appanoose County Position. The County argues that it has struggled annually with the massive increases in health insurance premiums that have plagued the county. To offset these rising costs, the County states that it went to a self-funded health insurance program managed by EGS. It claims for several years that the insurance costs were contained and premiums were low. However, since the July 1, 2003, collective bargaining agreement (Union Exhibit 2),

the cost of the single health insurance premium has increased by 83%, and the cost of the family health insurance premium has increased by 41%. The County notes that it pays 100% of the single health insurance premium, 12% of the Union's family health insurance premium, and nothing for non-union family policies. The board is looking for a solution to keep costs down for all employees. The County claims that it has repeatedly subsidized insurance premiums on behalf of its employees in an attempt to keep these costs down.

The Union submitted Exhibit 2, containing the history of the insurance premiums for the Union and all other county employees. While the Union's insurance premiums were increased July 1, 2003, other county employees were not, since they received no wage increase that year, while the County claims that Union employees received a 3% increase. The County notes that on January 1, 2004, other county employees' insurance was changed to increase deductible and out-of-pocket maximum, while the Union's plan remained the same. See County Exhibit 2. The County notes that there has been no increase in the family insurance premium for Union employees since July 1, 2003. The County notes that the actual cost for insurance to the County for family coverage was \$992.58 per month, and the actual amount paid by employees was only \$280.72 per month. See Exhibit 3. Thus, the County claims it subsidized its employees' insurance by \$70,000 in 2004. The County apparently increased the Union employee's family insurance premium, and the Union filed a prohibited practice complaint that was apparently dismissed as untimely. The County claims that its position was that an increase went into effect July 1, 2003, as agreed upon, and no further increases

were put into effect, even though the insurance costs actual increased substantially, requiring subsidy by the County. See County Memorandum.

Because the County apparently has two completely different insurance plans in place, the County claims that its insurance administrator has strongly recommended that one plan be implemented with higher deductibles and co-payments in place, both "to keep utilization lower and to keep the insurance premiums down." County Memorandum, page 2. The County submitted Exhibit 6, which is its health insurance proposal providing for three options. The premium for the single policy for option 1 is \$450, which the County would pay 100%. The premium for the family policy is \$900, which the County would pay 12% for Union employees and nothing for non-union employees. The County notes, however, that it is willing to pay the same amount across the board for options 2 and 3. These options have higher deductibles and lower premiums. The County would also pay the same cost of \$500 for family policies, thus reducing substantially the cost of these policies for its Union employees, according to the County. Id. The County notes that the employee's share for option 1 is \$396; option 2 is \$358; and option 3 is \$328.

The County submitted Exhibit 7 showing the current health insurance coverage plan for Union employees. The County notes that the premium for this plan would increase effective July 1, 2005, to \$481 for single coverage and \$962 for family coverage. An employee's share would increase to \$423.28 per month. See Exhibit 7.

The County claims that the cost of insurance has increased substantially. As shown on Exhibit 8, the County claims that the hourly wage increase for this

proposed single policy alone is \$1.20 per hour. If the original Union contract was maintained, that increase would rise to \$1.38 per hour, according to the County. The County notes that this insurance increase is in addition to any wage increase demanded by the Union.

The County submitted a comparability analysis of insurance and wages for ten other counties and the city of Centerville. See Exhibits 9, 10 and 11. The County claims that the "most compelling" comparability figures are shown in Exhibit 10, which compares plans and the adjusted hourly spending earnings for Union employees. The County claims that its current Union plan is the best out of ten comparable counties, with "extremely low deductibles and out-of-pocket maximums." Id. at pages 2 and 3.

The County claims that it is at a "difficult juncture." Id. at page 3. The County claims it cannot continue to pay large wage increases to the 21 employees with single coverage, and still assist the six union employees with family coverage, whose wage increases must go to pay the increases in the family policy. The County claims this would create a "windfall" for employees with single coverage.

The County notes that the Union's wage increase is nearly 6.9%, not including the increase the County is already experiencing with the escalating single insurance premiums. In addition, the County notes that the Union wants to keep the same insurance plan, even though the premiums "will cost its union members with family policies substantially more money than the three option plan proposed by the County."

The County claims that its proposal would provide a "decent wage increase to our union employees, and consistent county-wide health insurance plan, and yet keep the costs down for those paying for family policies." Id.

The County notes that the Union's proposal with projected overtime would cost the County \$169,877. The County's proposal, however, would only cost \$123,062. See Exhibit 17. The County claims that it can no longer "subsidize large wage increases and health insurance increases without raising taxes in this already depressed southern Iowa market." The County concludes by stating that its county-wide policy increases deductibles and "tweaks" the plan, and will reduce utilization to keep the premiums reduced both to the County and its employees. The County claims that it has carefully drafted the contract insurance language to protect its employees. It claims its proposal is the most reasonable.

The County's entire last offer on insurance is contained in Exhibit 13, pages 3 and 4. The County's proposal for insurance is listed as follows: "Effective July 1, 2005, the Appanoose County Self-funded plan shall be countywide, with rates and benefits provided under three options to be chosen by the employee, as set out on the attached Exhibit B. The Employer will pay twelve percent (12%) of the dependent health insurance premium (family minus single premium) and the Employee will pay eighty-eight (88%) of the dependent premium as shown on the attached Exhibit B for Option 1. In the event the employee chooses Options 2 or 3, the Employer will pay the same amount for dependent health insurance as shown for Option 1. The Employer shall provide notice to the Union of any changes in the package or premium increases 90 days prior to implementation. Premium increases may be implemented by the Employer at the recommendation of the

Employer's policy administrator. The ratio of one to two between the single and the family premiums shall be maintained. With the exception of insurance premium increases, any other changes in the insurance package, such as deductibles, co-pay, out-of-pocket maximums and prescription cards, may only be implemented with approval of the union. Changes to the insurance plan design shall be made on a fiscal year basis only."

B. PPME Position. PPME proposes no change to the current levels of coverage and benefits for employees in Article 24. The Union wants to maintain the deductibles at \$100 single/\$200 family and out-of-pocket maximum (including deductible at \$500 single and \$1,000 family). The Union claims that the County's proposal includes major changes in coverage and premiums. See Union Exhibit 6, Issue 2. Nonetheless, the Union claims that the parties "have agreed to add language to the next contract requiring the County to establish the same rates for the provisions of self-insured plans on a county-wide basis. Also agreed is that the premium for the family plan is set at two times the single rate." Id.

According to the Union, all county employees share the same self-insurance plan and coverage, which in turn effects premiums. The Union claims that until recently all employees did share the same benefit levels for the same premiums. However, the Union states that bargaining and non-bargaining employees have different coverages and different premiums. The Union notes that within the current contract period, bargaining unit employees have experienced higher premiums for the same coverage even though the contract requires a 12% contribution by the County for the dependent portion. The Union explained that it filed a prohibited practice complaint that was dismissed as untimely by PERB, "yet both parties

acknowledge what occurred.” Id. The Union claims that the County is now proposing to down grade the coverage for bargaining employees and raise the premiums to restore equity on its employees. The Union complains that not only are the adjustments bad for its workforce, but it comes in a time when the County has mismanaged the self-insurance plan and required “huge increases in premiums to make improvements for insufficient funding.” Id. The Union claims that the County’s current proposal would increase out-of-pocket costs for employees in premium increase for dependent insurance by \$115.28 per month; out-of-pocket potential increases for dependent insurance equal to \$1,500 per year; out-of-pocket potential increases for single insurance equal to \$750 per year; and co-pays for prescription and doctor’s appointments (additional employee costs). The Union requests the fact-finder recommend no changes to the current levels of medical insurance coverage and benefits. Id.

In support of its position, the Union submitted Exhibits 8 through 13 regarding medical insurance. Exhibit 8 contained a letter from the Union to the County, and the County’s response, regarding the difference in coverage between bargaining unit employees and non-bargaining unit employees. According to the Union, it discovered that contrary to the collective bargaining agreement, bargaining unit employees were paying \$280.72 per month for dependent coverage, while non-bargaining employees were paying only \$231 per month. The Union claims that it promptly filed a prohibited practice complaint with PERB that PERB dismissed as untimely. See Exhibit 8. According to the grievance, the County’s action allegedly caused each employee in the road department carrying dependent health insurance coverage (around six employees) to pay almost \$50 more for

each of the last six months in 2003 for the same benefit levels enjoyed by all other employees. The Union calculated the alleged overpayment to be around \$298 per employee. Id.

The Union also submitted evidence regarding the calendar year insurance rates for the last five years (Exhibit 9), review of insurance premiums for 2003-2004, the additional insurance subsidies by Appanoose County for secondary roads and others in the county, and a spreadsheet of the plan changes effective July 1, 2005, as proposed by both parties. See Exhibit 9.

The Union also submitted its comparability evidence in Exhibits 10 and 11, regarding employee contributions to monthly insurance premiums and insurance deductibles and out-of-pocket maximums. According to the Union, all of the counties in the comparability groups have settled, and the numbers are "firm."

Exhibit 12 contained an employee adjusted hourly spending earnings for fiscal year 2005, and the Union alleges that employees of 5 of 6 counties have a greater spendable earnings than Appanoose County. The Union also claims Appanoose County has a spendable earnings of \$1.13 per hour below the average of the compared counties.

Union Exhibit 13 contains the Union's analysis of the economic impact of the County's proposals. According to the Union, the County's proposal actually results in a \$.60 per hour decrease, or 3.92%. The Union admits that it makes certain assumptions in its calculations.

Finally, Union Exhibit 14 contains the tax information regarding Appanoose County, and Exhibit 15 contains the Union's summary of the reasons why it wishes the fact-finder to award the Union's proposals.

C. Findings of Fact and Recommendation by the Fact Finder. The fact-finder notes that comparability on health insurance plans is often difficult because each plan differs so much. See, e.g., Union Exhibit 9, page 4 (plan changes). Here, the issue is more complicated because the parties do not agree on comparability groups, and have not had a neutral examine the issue in the past 20 years. While both parties agree on the inclusion of some counties in the comparability group (i.e., Decatur, Keokuk, Davis, Union and Monroe Counties), the County would exclude Iowa County, add the City of Centerville, and add other surrounding counties. The Union disagrees, and would do the exact opposite.

It is undisputed that the County's health insurance premiums are rapidly increasing. Currently, 17 employees in the unit elect single coverage, and six elect family coverage. Since the July 1, 2003, contract, single health insurance premiums have increased by 83%, and family health insurance premiums by 41%. See Appanoose County Memorandum. The premium for the single plan has risen from \$400 to \$481 in fiscal year 2006, and the family plan has risen from \$319 to \$962. Compare Union Exhibit 9, page 1 and 4. Under the Union's own proposal, the employee's share on the dependent premium would rise from \$281 to around \$423 per month. Id.

It is also undisputed that the trend is for employers to request employees to share in the cost of medical coverage to a greater degree than in the past. While the Union may be understandably "sore" at what it perceives to be the County's "mismanagement" of the medical insurance issue, and the County's alleged unilateral change and failure to bargain in good faith regarding the dependent portion of the insurance premium for the road department employees only in 2003,

its wage proposal of \$1.00 across the board appears to be an implicit admission that some change may be necessary.

According to Union Exhibit 9, in January, 2004, the County increased deductibles for other county employees to \$250/\$500, and increased the out-of-pocket maximum to \$1,000/\$2,000. These "other" employees will also move to an out-of-pocket maximum of \$1,250/\$2,500 effective July 1, 2005.

In its insurance discussion, the Union states several possible categories that could increase out-of-pocket expenses for employees. First, the Union claims that the County's proposal calls for a premium increase for dependent insurance by \$115 per month. In this respect, the fact-finder notes that the Union's own proposal would increase premiums for dependent insurance by \$142 (\$423 - \$281).

Second, the Union claims that the out-of-pocket "potential" increase for dependent insurance equals \$1,500 per year and the out-of-pocket "potential" increase for single insurance equals \$750 per year. Finally, the Union states that some of the co-pays for prescriptions and doctor appointments could lead to "additional employee costs."

The fact-finder notes that these so-called "potential" increases and "additional employee costs" were not further explained nor quantified for the fact-finder. The County claims that increasing these deductibles and out-of-pocket maximums may "reduce utilization" of the plan (page 4 of its Memorandum), and it is consistent with the general proposition that if employees are required to participate in the cost of insurance, they will have greater incentive to control costs.

Here, there is comparability data supporting a move to higher deductibles and out-of-pocket maximums. According to the County's comparability group, its

employees have the lowest deductibles and out-of-pocket expenses. See Employer Exhibit 10. In the Union's comparability group (Exhibit 11), only Davis and Keokuk Counties still carry deductibles of \$100/\$200. Both are smaller than Appanoose County in population. See Union Exhibit 1. Union and Iowa Counties, which are closer in population to Appanoose County, have higher deductibles of \$250/\$500 and \$500/\$1,000, respectively. Both counties likewise have the higher maximum out-of-pocket single/family maximums of \$1,000/\$2,000. See Union Exhibit 11.

The fact-finder recognizes that any recommendation regarding the deductibles, maximum out-of-pocket amounts, and co-pays for office visits, drug co-payment, etc., would likely effect only those employees who use the insurance. The employer admits it is trying to "reduce utilization." Memorandum, page 4. However, neither party has proposed increasing either the employee's share of the family premium (currently at 12%), or requiring those employees on the single plan to pay some percentage of the premium (currently at 0%). The fact-finder is aware of some counties that have proposed doing just that in order to spread the costs to everyone. However, as noted, neither party has proposed it here, and the fact-finder is reluctant to recommend it on this record. In any event, the fact-finder further notes that Union Exhibit 10 indicates that only Union County requires employees to contribute some amount (10%) towards a single premium, but that Appanoose County employees pay 88% of the dependent premiums, substantially above the Union's comparability average. He also notes that while the Union claims that employees of five of six counties pay a lesser percentage of the dependent premium, it is also undisputed that employees of five of six counties

currently pay less for dependent coverage. See Union Exhibit 10. Appanoose County premiums under either the Union's (\$423) or County's (\$396) proposals are well above the averages presented in Union Exhibit 10 for employee dependent contribution (\$154), and this drastically affects the amount paid regardless of the percentage contribution.

The fact-finder also notes that in addition to the rates and benefits provided under the three options, the County has also proposed new language that "the employer shall provide notice to the Union of any changes in the package or premium increases ninety (90) days prior to implementation. Premium increases may be implemented by the employer at the recommendation of the employer's policy administrator. . . With the exception of insurance premium increases, any other changes in the insurance package, such as deductibles, co-pay, out-of-pocket maximums and prescription cards, may only be implemented with approval of the Union. . ." The only reference in the Union's last offer concerning this language is one sentence: "Premiums may increase on July 1, 2005, for the contract year." Neither party presented any testimony or comparability language regarding this language beyond what is contained in the written exhibits. However, there is past collective bargaining history between the parties suggesting the Union perceived the County to have engaged in bad faith bargaining and made a unilateral change in benefits in June, 2003. In light of this evidence, it is difficult to recommend language only excluding "insurance premium increases" from negotiations between the parties. Accordingly, the fact-finder in applying the factors set forth in Iowa Code Chapter 20, cannot recommend the above language by either party be inserted into the collective bargaining agreement. Based on this record, the fact-

finder believes that such language is best shaped by the parties themselves during the give and take of bargaining. Further information regarding this language and the collective bargaining history between the parties and in the comparability group would have shed further light for the fact-finder to place the County's or Union's language into better perspective. Accordingly, the fact-finder finds that it is in the public interest and welfare to require employees to share more in the cost of health insurance with the employer and to also receive adequate coverage consistent with comparable employers, and not add new contract language as noted above without better evidence in the record.

Therefore, based on the collective bargaining history of the parties, a comparison to other public employees doing comparable work, the interest and welfare of the public, and the ability of Appanoose County to fund such an increase, the fact-finder recommends that the County's proposal on insurance rates and benefits is the most reasonable as set forth and drafted below.

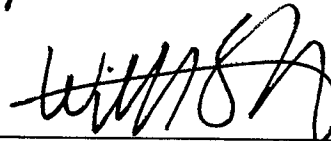
H. SUMMARY OF RECOMMENDATIONS/REPORT

In accordance with the statutory criteria, and for the reasons stated in this report, the fact finder makes the following recommendations regarding the items at impasse:

1. **Article 23 – Wages.** Increase all current hourly wage rates as set out in the contract in Exhibit A by \$.67 effective July 1, 2005.
2. **Article 24 – Insurance.** The fact-finder recommends that Article 24.01 be revised to read as follows: "The employer shall pay the single dental and health insurance premium. Effective July 1, 2005, the Appanoose County self-funded plan shall be county-wide, with rates and benefits provided under three

options to be chosen by the employee, as set out on the attached Exhibit B. The Employer will pay twelve percent (12%) of the dependent health insurance premium (family minus single premium), the employee will pay eighty-eight (88%) of the dependent premium as shown on the attached Exhibit B for Option 1. In the event the employee chooses Options 2 or 3, the employer will pay the same amount for dependent health insurance as shown for Option 1. The ratio of one to two between the single and the family premiums shall be maintained. Changes to the insurance plan design shall be made on a fiscal year basis only."

Dated this 16 day of February, 2005.



Wilford H. Stone, Fact-Finder

CERTIFICATE OF SERVICE

I certify that on the 16th day of February, 2005, I served a copy of the foregoing Report of the Fact-Finder upon the following persons by mailing pursuant to the Iowa Code and the Iowa Rules of Civil Procedure:

Susan M. Bolte
Administrative Law Judge
Iowa Public Employment Relations Board
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Des Moines, Iowa 50309-1912

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